FSR 2487

TOP SECRET

#1

August 1946

To: SAINT (JJ/2 and DH/5)

From: SAINT (BH/76) BH76

Subject: Increasing Interest in SSU on the Part of Chinese.

It is believed that Washington will be interested in recent reports received by this office indicating that various Chinese organizations and individuals are becoming increasingly interested in the activities of SSU in China. For example, in Tientsin it was recently learned that an organization called the Loyal Brotherhood Association is attempting to learn more relative to American personnel and the activities of SSU. The SSU compound in Tientsin was placed under surveillance by the above-mentioned association, through the use of ricksha boys. Further, this organization approached an informant of the Tientsin office and offered him CNC 2,000,000 per month if he would work for them and secure additional agents for them.

In Shanghai, recent information makes it clearly evident that the CC clique in Shanghai is interested in SSU and its purposes and activities in this area. With further reference to Shanghai, it is of interest to note that the Russians have actually surveyed an informant of this office. From the above it becomes apparent that as Army personnel leaves this area, it will become increasingly difficult for personnel of this office to successfully operate.

With further reference to Chinese interest in our activities, a recent report from Peiping reflects that General MA Yueh-Hsi, second in command of the Bureau of Investigation and Statistics in Peiping, has initiated a White Russian agent network designed to penetrate all American installations in Peiping. It is stated that MA desires copies of all radio messages sent out by Americans as well as complete data on the accumulation and distribution of supplies. He is also known to be interested in the movement of American personnel and particularly desires data on the types and number of planes at West Field. He is also interested in buying American arms and ammunition which are sold on the black market. At the present time this information is regarded as Top Secret by this office because it is essential that the informant be protected.

The above information has been discussed with Colonel Ward who is Chief of Staff of the Executive Headquarters in Peiping and also with Colonel Van Deusen, who is the Commanding Officer of the 332nd Troop Carrier Squadron at West Field, and also with Captain Taylor, who is the new Security Officer of the Executive Headquarters. Col. Van Deusen advised BY/73 and BH/77 that the information as outlined above is believed to be accurate. Col. Van Deusen also stated that Chinese Air Force officers have made overtures to enlisted personnel at West Field in an attempt to obtain information concerning the personnel strength and activities of the 332nd Troop Carrier Squadron. Investigation into this matter is continuing.

In addition to the above-mentioned Chinese activities in Peiping, it is also known that the Bureau of Investigation and Statistics are monitoring our Peiping radio station but of course it is believed highly improbable that any codes have been broken.

BH/76
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